



What You Should Know About Rent Control in the District of Columbia

This pamphlet will help you understand rent control laws and regulations. The rent control law is the Rental Housing Act of 1985 (DC Law 6-10) as amended (the Act), which is codified as of the DC Official Code §42-3501.01 et seq. You can find the complete law in most DC public libraries or online at:

<http://government.westlaw.com/linkedslice/default.asp?rs=gvt1.0&vr=2.0&sp=dcc-1000>

Under the Act, an apartment building or apartment complex is called a *housing accommodation*, and a single apartment or house is called a *rental unit*. A tenant is still a *tenant*, but a landlord is a *housing provider*.

Rental Accommodations and Conversion Division

The Rental Accommodations and Conversion Division (RACD or *agency*), which is part of the Department of Consumer and Regulatory Affairs, is responsible for administering the Act. The head of the agency is the Rent Administrator.

A separate, 3-member Rental Housing Commission (RHC), writes regulations under the Act. The RHC is also the first level of appeal of the Rent Administrator decisions.

Applicability

The Act applies to all rental housing accommodations in the District of Columbia, unless they are those specifically exempted by the Act.

The most common exemptions are rental units in these categories:

- Federally or District-subsidized rental units
- Rental units built after 1975
- Rental units owned by a person who owns no more than four units
- Rental units vacant when the Act took effect

Individual condominium or cooperative units are not exempt – unless they are exempt because they are owned by a person who owns no more than four units.

Increases in Rent

Under the Act, any increase in rent must meet these conditions:

1. The new rent charged may not be more than the prior rent plus the allowable increase, as described below.
2. The increase in rent cannot be more than the increase allowed under any single section of the Act.
3. The last increase in rent must have been at least 12 months ago (unless the unit is vacant).
4. The increase must not violate the terms of the lease.
5. The housing accommodation must be properly registered with the RACD.
6. The rental unit and the housing accommodation's common elements must be in substantial compliance with housing regulations.
7. The housing provider must give a 30-day notice of any increase in rent.

Allowable Rent Increases Based on CPI

The most common allowable increase in rent is an annual adjustment, based on the increase in the Consumer Price Index (CPI). For most tenants, the most that their rent can increase is the CPI percentage plus 2%, but not more than 10%. For tenants determined by the Rent Administrator to be elderly or disabled, the maximum increase in rent charged is the CPI percentage only, but not more than 5%.

The CPI percentage that the RHC will use is issued after the end of each calendar year. That percentage applies to the rent-control year -- from May 1 to April 30.

Allowable increases based on CPI are sometimes called *automatic* -- because no petition or other special steps are required.

Other Allowable Rent Increases

A housing provider may also choose to seek a larger allowable increase under other provisions of the Act, including capital improvements, changes in services and facilities, hardship or substantial rehabilitation, or agreement with 70% of the tenants. The other allowable increases, described in more detail below, are not automatic. The housing provider must petition or otherwise seek the consent of the Rent Administrator, and tenants may choose to participate in the process, often at hearings before an examiner.

Where to Get Help

A tenant may call RACD at (202) 442-4477 or visit 941 North Capitol St NE Suite 7100, Washington DC 20002.

For a list of organizations that provide help and support to housing providers and tenants, go to the end of this pamphlet.

Protections for Elderly and Disabled People

A tenant who believes he or she fits the definitions of elderly or disabled under the Act must file an application with the Rent Administrator and give a copy of the application to the housing provider.

To qualify:

- As elderly -- a tenant must be at least 62.
- As disabled -- a tenant must have a medically-determinable physical impairment, including blindness, which prohibits and incapacitates 75% of the tenant's ability to move about, to assist him- or herself, or to engage in an occupation.

Under the Act, a tenant is not qualified as elderly or disabled until the Rent Administrator determines his or her status.

Rent Increases When a Unit Becomes Vacant

The only exception to the limit of one rent increase per year is when a rental unit becomes vacant. Upon a vacancy the housing provider can raise the rent charged to:

- 10% more than was charged to the former tenant, or
- Rent for a comparable rental unit, but not more than 30%.

Comparable rental units have essentially the same square footage and floor plan; comparable amenities and equipment; comparable locations with respect to exposure and height; if exposure and height have previously been factors in the amount of rent charged; and comparable physical condition.

Once there has been a vacancy increase in rent, the housing provider cannot make another increase in rent for twelve months, even if another vacancy occurs.

More About Other Allowable Rent Increases

A housing provider can try to get rent increases for other reasons, besides CPI increases. The other reasons why a rent increase may be descriptions of the other allowable increases in rent charged.

Capital Improvements

A housing provider can petition to raise rents by an amount enough to amortize the cost of capital improvements.

If the Rent Administrator approves the petition, the increase is temporary and is stopped upon, once the housing provider recovers all costs of the capital improvements. That's why this increase in rent is called a *surcharge*.

A housing provider files a petition, serves copies to the tenants, and presents the case for the improvement at a RACD hearing. Tenants may support or oppose it.

RACD makes a ruling on the petition, based on:

- Whether the improvement will protect or enhance the health, safety and security of the tenants or the habitability of the housing accommodation;
- Whether the improvement will be depreciable under the Internal Revenue Code;
- Whether required governmental permits and approvals have been secured; and
- Whether the design and cost of the work are sufficiently documented.

In addition to the work's cost, the housing provider can include financing costs, including interest and service charges. The provider must amortize (spread the costs of) a building-wide improvement project for 96 months and an improvement to one or more but not all rental units for 64 months.

The surcharge may be no more than 21% of the prior rent charged for a building-wide capital improvement and no more than 15% for an improvement to one or more but not all rental units.

If RACD approves the surcharge, the housing provider performs the work and may then raise rents.

The Act allows a housing provider to continue the surcharge until the housing provider has recovered all costs, including interest and service charges, of the capital improvement. Certain low-income elderly and disabled tenants can be exempted from a capital improvement surcharge.

Services & Facilities

The Act allows an adjustment in rents when related services or facilities supplied by a housing provider or a housing accommodation or for any rental unit in the housing accommodation are substantially increased or decreased.

A housing provider files a petition, serves copies to the tenants, and presents the case for the improvement at a RACD hearing. Tenants may support or oppose it.

RACD makes a ruling on the petition, based on:

- The cost to the tenant of buying alternate related services or facilities comparable;
- The operating cost to the housing provider of the related services or facilities; or
- The fair market value of comparable related services or facilities.

70% Voluntary Agreement

The Act allows 70% or more of the tenants of a housing accommodation to enter into a voluntary agreement with the housing provider to establish the rent. If 70% of the tenants agree, rents for all rental units can be raised, even for tenants who didn't sign the agreement.

An agreement may also address capital improvements, services and facilities, or repairs and maintenance. If the

housing provider initiates the agreement, he/she/they must give tenants at least 14 days to review it.

The Rent Administrator must approve the agreement and any conditions in the agreement must be met, before rents can be raised.

Hardship

Under the Act, housing providers are allowed to raise rents enough to earn a 12% return on the housing provider's *equity* in the housing accommodation. *Equity* is assessed value for real property tax purposes minus [-] debt.

To apply for this exemption, the housing provider must document operating expenses for the last 12 months. RACD will notify the tenants that a petition has been filed and allow the tenants to designate a representative to support or oppose it.

RACD audits the petition and issues a preliminary finding. Then point the housing provider and tenants may each submit objections to the finding. If objections are submitted, a hearing will be held to resolve the disputed matters. The Rent Administrator then issues an order setting the rent increase.

Substantial Rehabilitation

The housing provider may submit a petition to raise rents for a substantial rehabilitation of the housing accommodation. The petition must include detailed plans, specifications and projected costs. The tenants are notified, a hearing is conducted, and the Rent Administrator issues a decision before the work starts.

A substantial rehabilitation is used only when proposed rehabilitation cost equals or is more than 50% of the real property tax assessment of the rental unit or housing accommodation.

This rent increase is not a temporary surcharge, but a permanent increase.

The calculation to determine the percentage increase in rent ceilings is based on loan amortization in the principal amount of the work's cost at the loan's interest rate and term. The maximum allowed rent increase is 125%.

The Rent Administrator must consider whether the substantial rehabilitation is in the interest of the tenants and may consider:

- The existing physical condition of the rental unit or housing accommodation as shown by reports or testimony of DC housing inspectors, licensed engineers, architects and contractors, or other qualified experts;
- Whether the existing physical condition impairs or tends to impair the health, safety or welfare of any tenant;
- Whether the existing physical conditions can be corrected by improved maintenance, repair or capital improvement; and
- The impact of the proposed rehabilitation on the tenant or tenants in terms of proposed financial cost inconvenience or relocation.

Tenant Petition

A tenant who believes that a rent is incorrect may challenge it by filing a tenant petition. Then, the housing provider is given a notice, RACD conducts a hearing, the tenant presents arguments, the housing provider opposes the argument, and the Rent Administrator issues a decision and order. A tenant petition may address any violation of the Act.

Registration

Every housing accommodation must be either registered with RACD as a rent-controlled property or filed as exempt from rent control. Housing providers subject to the Act were required to register in 1985, when the current law first became effective, on a Registration/Claim of Exemption form. Changes in ownership, management or services and facilities must be filed with RACD within thirty days of the event. If a housing accommodation was initially exempt from the Act but later became subject to the Act, the housing provider must register the property at that time.

Act and Regulations

This pamphlet is intended to outline the Act, but does not include every detail. Interested parties are encouraged to review the Act and its regulations, or to ask a lawyer or housing professional for more help.

To find the Act on line, go to <http://government.westlaw.com/linkedslice/default.asp?rs=gvt1.0&vr=2.0&sp=dcc-1000>

1. Under **Division VII, Property** click on **Title 42, Real Property**
2. Click on **Subtitle VII, Rental Housing**
3. Click on **Chapter 35, Rental Housing Generally**
4. Click on **Subchapter II, Rent Stabilization Program**, which shows all the sections of the rent-control law
5. Click on the section you want

When laws are enacted, they are called statutes. Later they become part of the DC Official Code; in that process section numbers are changed. The web site shows the law in code form. The agency usually uses statute numbers.

The section numbers from the statute appear in the notes below the text of the law.

The regulations are part of Title 14 of the DC Municipal Regulations. The complete regulations run from Chapter 38-43, but Chapter 42 has most key provisions.

To find the regulations on line, go to <http://os.dc.gov/os/cwp/view,a,1206,q,522371.asp>

1. Click on **DCMR and DCR Online**
2. Click on **DCMR Basic Version**
3. On the left side of the screen, click on **CONTENTS**
4. Click on **Title 14, Housing**
5. Click on **Chapter 42** (or other chapter of interest). The regulations can be printed from the site.

At the time this pamphlet was prepared, the latest amendments to the law had not yet been posted online, and the regulations had not been revised to correspond with the latest version of the law.

Help for Tenants & Housing Providers

These organizations can help housing providers and tenants.

DC Law Students in Court Program

806 7th St NW Suite 300
Washington DC 20001
(202) 638-4798

Neighborhood Legal Service Program, Southeast/Southwest

1213 Good Hope Rd SE
Washington DC 20020
(202) 678-2000

Neighborhood Legal Service Program, Northwest/Northeast

701 4th St NW
Washington DC 20001
(202) 682 2700

Bread for the City

1525 7th St NW
Washington DC 20001
(202) 265-2400

Rent Control Consultants *

888 17th St NW Suite 208
Washington DC 20006
(202) 785-8585

Legal Aid Society of the District of Columbia

666 11th St NW Suite 800
Washington DC 20001
(202) 628-1161

Housing Counseling Services

2430 Ontario Rd NW
Washington, DC 20009
(202) 667-7006

Department of Consumer & Regulatory Affairs Housing Regulation Administration Rental Accommodations & Conversion Division

941 North Capitol St NE Suite 7100
Washington, DC 20002
(202) 442-4477

George Washington University Community Legal Clinic

2000 G St NW
Washington DC 20052
(202) 994-7463

Harrison Institute for Public Law **

111 F St NW Room 102
Washington DC 20001
(202) 662-9600

Columbus Community Legal Clinic Catholic University School of Law

3602 John McCormick Rd NE
Washington DC 20008
(202) 319-6788

DC Bar Association Referral Service

202-296-7845

Legal Counsel for the Elderly

1331 H St NW Suite 1005
Washington DC 20005
(202) 434-2170

Apartment and Office Building Association of Metro Washington*

1050 17th St NW Suite 300
Washington DC 20036
(202) 296-3390

* For housing providers only

** For tenants only